



THE COMMITTEE ON ENERGY AND COMMERCE

INTERNAL MEMORANDUM

July 12, 2012

TO: Members, Subcommittee on Energy and Power

FROM: Committee Staff

RE: Hearing on "The American Energy Initiative"

On Monday, July 16, 2012, at 9:00 a.m. the Subcommittee on Energy and Power will hold a field hearing at the Southwest Virginia Higher Education Center in Abingdon, Virginia. The hearing will be the twenty-fifth day of the Subcommittee's hearing on "The American Energy Initiative."

The field hearing will focus on EPA's proposed Greenhouse Gas New Source Performance Standards for utilities and the impact this regulation will have on jobs. This field hearing follows two recent hearings held on [June 19, 2012](#) and [June 29, 2012](#) on EPA's greenhouse gas regulations.

I. WITNESSES

Panel 1

Thomas F. Farrell II
Chairman, President & CEO
Dominion

Paul H. Vining
President
Alpha Natural Resources, Inc.

John N. Voyles Jr.
Vice President, Transmission/Generation
LG&E and KU Energy LLC

Donna Kessinger
Mechanic Electrician, Cliffs Natural Resources
UMWA Local 1713

Panel 2

Dan Nation
Division President
Parkdale Mills

Joe Gary Street
Vice President, Sales
West River Conveyors & Machinery Co.
on behalf of Buchanan County Chamber of Commerce

Scott E. Weyandt
Director, Sustainability & Compliance
Shearer's Food, Inc.

II. BACKGROUND

In the United States, power plants generate more electricity using coal than any other energy source to meet the Nation's electricity demand. Since 2009, however, the Environmental Protection Agency (EPA) has been advancing a number of major environmental regulations that significantly affect both existing and future coal plants and that cumulatively impose billions of dollars in new costs and compliance requirements.

EPA's most recent major proposed rule impacting coal plants would establish new standards for power plants to limit emissions of greenhouse gases (GHG). EPA's proposed rule, entitled "Standards of Performance for Greenhouse Gas Emissions for New Stationary Sources: Electric Utility Generating Units" (Utility GHG NSPS), was published in the Federal Register on April 13, 2012.¹

Under this proposed rule, EPA proposes to combine both coal-fired and natural gas-fired power plants into a single newly created source category, and set a single carbon dioxide (CO₂) standard at a level that has been met by new natural gas combined cycle power plants. In particular, EPA proposes to require new electric utility generating units to meet an output-based standard of 1,000 pounds of CO₂ per megawatt-hour. This sets a level of performance that future coal-fired power plants cannot meet without the installation of carbon capture and storage (CCS) technology.

This proposed rule is widely viewed as imposing a de facto ban on any new coal plants because there have been no CCS-equipped coal-fired power plants built on a commercial scale. EPA acknowledges there are currently no plants equipped with the technology that would be needed to meet the requirements in the proposed rule, and witnesses have testified that the CCS technology that would be needed to comply is not commercially available.² The Congressional Budget Office (CBO) recently reported that electricity generated by a CCS-equipped coal-fired power plant has been estimated to be about 75 percent more costly than electricity generated by conventional coal fired-power plants, and has concluded that regulatory action to curb CO₂ emissions is likely to shift electricity production from coal to natural gas and other fuels.³

¹ See EPA [Press Release](#); [Fact Sheet](#); [Proposed Rule](#); [Regulatory Impact Analysis](#); see also May 17, 2012 [Letter](#) to EPA and June 28, 2012 [Response](#). The rule was issued pursuant to a [settlement agreement](#) announced in December 2010.

² See EPA June 28, 2012 [Letter](#), p. 9; see also, e.g., [Testimony of Steven E. Winberg](#); [Testimony of Barbara Walz](#); see also [Report of the Interagency Task Force on Carbon Capture and Storage, August 2010](#) (identifying numerous barriers to deployment).

³ See [CBO, Federal Efforts to Reduce the Cost of Capturing and Storing Carbon Dioxide, June 2012](#) at p 1-2. Absent GHG regulations, the Energy Information Administration projects there would be 40 gigawatts of new coal-fired capacity built from 2011 to 2035. See [DOE/EIA Annual Energy Outlook 2012 with Projections to 2035, June 2012](#) at p. 100.

III. ISSUES

The following issues are expected to be examined at the hearing:

- EPA's proposed Utility GHG NSPS rule;
- The costs and feasibility of the proposed Utility GHG NSPS rule;
- Impacts of the rule on energy costs;
- Impacts of the rule on energy-intensive and trade exposed industries; and,
- Impacts of the rule on jobs, the economy, and consumers.

IV. STAFF CONTACT

If you have any questions regarding the hearing, please contact Cory Hicks or Mary Neumayr of the Committee staff at (202) 225-2927.